

Town of Lunenburg



Mark Erickson
4/12/15

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Finance Committee:
Mark Erickson, Chairman
Terri Burchfield, Vice-Chairman
John Henshaw, Secretary
Karin Menard
Jay Simeone

Lunenburg Finance Committee Minutes: October 8, 2015 Meeting

Location: Town Hall
Present: Mark Erickson, Terri Burchfield, Karin Menard, Jay Simeone, John Henshaw
Also Present: Tom Alonzo, BOS Liaison, Kerry Lafleur, Town Manager, Karen Brochu, Town Accountant

1. Meeting called to order by Mark E. at 7:00 pm.
2. Comments:
 - a. Public--None.
 - b. Committee:
 - Mark had a communication from Superintendent Calmes about meeting with representatives from the school on the budget process.
 - John requested that the Town purchase a voice recorder to help in satisfying the guidelines for minutes set forth in the open meeting law.
 - c. Proposed changes to the salary plan—Cheryl Valero, Chairman of the Personnel Committee presented the changes which are in three broad categories: Clarifying existing policies and/or correcting errors, making policies easier for the Town to administer, updating policies to be consistent with current levels of compensation, or consistent for all Town employees.
Notes:
 - The Personnel Committee will review the Personnel Plan every three years.
 - For specifics on all proposed changes please refer to the red-line master file mentioned above.
3. Town Manager's Report:
 - a. Kerry handed out the Town Warrant for the Special Town Meeting. The Finance Committee will make recommendations on those articles with a direct financial effect on the Town.
 - b. Kerry stated that new growth is coming in at a slightly higher rate than the revised forecast, which was higher than the original projection, but it is still insignificant relative to the total Town budget. An option is to put revenues from new growth that exceed plan into the stabilization fund or funds.
 - c. Sick leave buy backs from long term employees who are retiring exceed the budgeted level and the prospect is for other significant sick leave buy-back.

- d. Chapter 40S funds.
- For FY17 we will only have FY16 funds – by the formula the Town is entitled to \$293,000, but is receiving \$116,000.
 - Because 40S funds are not assured, expenditures of these funds will be used to fund non-recurring expenses—like text books.
 - Mark stated that since the state gives an incentive for cities and towns to provide these types of residential dwellings, the state ought to fund the incentive in accordance with their own formula. At this point, it is uncertain how much the Town would get in FY17 or whether the Town would receive any 40S funds in FY17 at all.

4. Minutes:

- a. Sept 24 minutes: Karin M. made a motion to accept the minutes and Jay seconded the motion. The committee approved the motion 4-0. Terri abstained as she did not attend this meeting.

5. Budget Goals and Opportunities:

- a. The committee considered a priority driven budget process, but concluded that the approach called for more resources than the Town had for this.
- Mark stated that those parts of a priority driven budget process that focus the decisions on how best to spend the limited resources the Town has would be useful to adopt.
- b. Superintendent Calmes and perhaps Dr. Greg Berthiaume would like to have a joint meeting with the finance committee to build a foundation for collaboration with this committee.
- c. Further to the school department, John circulated a graph and associated spreadsheet showing that over the five years from FY2011 to FY2015 School Department expenditures net of chapter 70 aid and including encumbrances remained nearly constant at around 39% of total Town expenditures. Karen Brochu generated and interpreted the information that underpinned this analysis. Further explanation:
- Per pupil costs have gone up during this period of time have increased, but this is due more to the roughly 75 student decrease in enrollment during this period and less to the steady increase in the school expenditures.
 - Since 2006, enrollment has declined by some 250 students, in large part by the departure of students from Shirley.
 - Tom Alonzo said that he had done a similar analysis for an earlier period and that the school department was constant relative to the overall Town then too.
- d. This led to a discussion that covered two topics: 1. The Schools and 2. The Budget Process.
- The Schools:
 - Expenditures do not decline at the same rate as enrollment declines because:
 - a. Fixed costs (e.g. utilities, maintenance) remain.
 - b. As declines in student enrollment are spread out over 13 grades they would not necessarily translate into reduced numbers of positions.

- c. Increases in mandated special education costs can equal or even exceed cost savings from decreases in overall enrollment.
- d. Kerry argued that decreases in enrollment over time should lead to opportunities for cost reductions.
- e. Tom stated that the cumulative nature of learning meant that a poor education in an earlier grade may put students at risk in later grades.
- Full time equivalents [FTEs] Mark raised the issue of aids, specifically how student-teacher ratios were calculated whether aids should be included as well as teachers.
- Other cost drivers like providing laptops and tablets or potential revenue sources like charging for some bus services came up.
- The budget process:
 - Kerry would like more discussion on priorities and related trade-offs.
 - Jamie stated that realistic budget proposals accept the constraints to service levels imposed by limited resources. Mark concurred and emphasized that a priority based budget process (see point 5.a. above) proceeds from projected revenues.
 - a. If the amount of revenue exceeds level services, then the Town has an opportunity to decide how to spend the incremental revenue.
 - b. An approach may be to start with level service, identify the proposed initiatives that would provide additional services and determine whether the Town has resources to fund those initiatives.
 - c. Kerry said she is doing something similar now, and provides the school with a target, but Mark countered that the process the school committee follows does not appear to take into account limited resources as much as other departments do.
 - i. Kerry did observe that, since she has provided the target to the school committee school budget and expenditures have remained roughly the same percent of the total budget and expenditures of the Town.
 - ii. Terri observed that starting with a level service budget, the Town could decide how to apportion incremental revenues based on demand for specific new services.
 - d. Mark suggested grouping expenditures as controllable, and non-controllable. (E.g. health care costs, wages and salaries.)
 - e. John suggested considering projected future costs that would flow from the expenditure choices we make.

6. Committee Updates:

<u>Committee/Department</u>	<u>Update</u>
DPW—John H.	Todd, the cemetery superintendent said Monty Tech students were constructing North Cemetery's new tomb

	building—labor is free and the Town will only pay for materials.
Capital Planning—John H.	During the Capital Planning Committee meeting Chief Sullivan said that costs increase for fire trucks increase 5% per year. This exceeds the Town's average revenue increases of around 3.7%. Separately Chief Marino said prices for police cars have increased by 10% this year.
Public Access Cable—John H.	The PACC is working on their budgets for FY2016 and beyond. Focus is on operating and capital expenditures.
Library—Terri B.	Terri delved into the library grants with Martha Moore.
Public Safety—Terri B.	No report.
Schools—Karin M.	Beginning with the 2016-17 school year, because start times of school will allow the schools to return to two bus runs—the first bus run for grades 6-12 and the second for grades k-5, the schools will go from three to two bus runs. This may be a cost savings.
Monty Tech—Karin M.	No report.
Sewer Commission—Jay S.	The commission met on the Pratt Street betterment project issue: In order to reduce the \$2,500 betterment fee on the residents. The commission will leave it up to the residents and are putting the word out to residents. Grease trap issue persists--it is not performing maintenance, but on completing the reports and sending them in.
Green Task Force—Jay S.	No report.
School Building Comm--Mark E.	The Committee meets the week of October 15.
Building Re-Use—Mark E.	There was no quorum for the last meeting, they had a discussion with Charlie Hay of Tappé Associates on the proposal they are working on.
Regional Dispatch-Kerry L.	Bolton joins in FY17 and Berlin in FY18, reducing the assessment by \$20,000 per town. Kerry advocates expanding service to 911—for further cost savings.

7. Ongoing Business:

- a. Mark has added sale of surplus property to our future agendas.
- b. Pavement Management Plan

8. The next two meetings will be October 22 and November 12. We will not meet the ~~second~~ ^{fourth} Thursday in November which is Thanksgiving Day.

9. Meeting Adjourned: Terri B. moved to adjourn the meeting and Jay S. seconded the motion. The board voted 5-0 in favor; the meeting adjourned at 9:21.

Respectfully submitted by John Henshaw November 11, 2015